Approved	1-26-88	
ripproved _	Date	

MINUTES OF T	HE <u>House</u>	COMMITTEE ON	Appropriations	
		D:11	Describer of	

The meeting was called to order by _______Bill Bunten ______Chairperson

All members were present except: Representatives Mainey and Wisdom (both excused)

Committee staff present:

Diane Duffy, Legislative Research Ellen Piekalkiewicz, Legislative Research

Ed Ahrens, Chief Fiscal Analyst

Richard Ryan, Director, Legislative Research

Gloria Timmer, Alan Conroy, Robin Hunn, Legis. Research

Jim Wilson, Revisors Office

Sharon Schwartz, Administrative Aide

Conferees appearing before the committee:

Sue Krische, Committee Secretary

Others attending: See attached list.

Chairman Bunten called the meeting to order at 1:30 p.m. He announced that he is assigning $\underline{\mbox{HB }2644}$ to Representative Miller's subcommittee for review and possible modification during consideration of the SRS budget.

Ed Ahrens, Legislative Research, presented a profile of the State General Fund (SGF) based on the Governor's budget recommendations (Attachment 1). The profile shows in FY 1988 and FY 1989 the Governor's recommended increases or decreases in the budget relating to the SGF from the FY 1988 base. Staff indicated the list of Governor's recommended adjustments to the FY 1988 budget on the attachment is not exhaustive, but includes items of major consequence.

Representative Miller asked if the \$200,000 recommended supplemental for KBI-Gaming Operation Investigations was slated to be repaid to the SGF and staff stated they are not aware of a direct reimbursement provision.

Chairman Bunten noted that the net result of the Governor's adjustments, excluding the shift of reappraisal aid from a revenue to demand transfer, is \$24.2 million of additional spending in FY 1988. The major items in this figure are \$14.2 million for SRS, \$4.8 million for mental health and mental retardation hospitals, and \$2 million for the Corrections Officers Class Action Suit.

In reviewing the Governor's recommended expenditure changes-FY 1988 to FY 1989 on page three of the handout, it was noted that regarding Regents Institutions, the "Non-SGF General Use" funds of \$30.5 million are comprised of approximately \$12 million in carry-forward balance from FY 1988 hospital revenue funds, \$5.4 million in general revenue funds, and \$12 million in tuition.

Regarding the School District Equalization Act, Chairman Bunten asked the additional cost of increasing funding of transportation and special education by 1 percent. Staff stated that transportation at 95 percent vs. the recommended 94 percent would be an additional \$500,000 and special education at 90 percent vs. the recommended 89 percent would be an additional \$1.1 million.

CONTINUATION SHEET

MINUTES OF THE _	House	$_$ COMMITTEE ON $_$	Appropriations	,
room <u>514-S</u> , Stateho	use, at <u>1:</u>	30 XX./p.m. on	January 19	, 1988

In response to a question, it was noted that there is no appropriation for the Capital Area Plaza Plan, because the proposal was to pay for the asthetic improvements of \$2.5 million from rental payments paid by the various agencies and kept in the State Building Depreciation Fund. In response to a question, staff stated there are no funds for Washburn University in the aid to Community Colleges.

Chairman Bunten pointed out several items not included in the proposed budget: (1) \$1.6 million mental health proposal dealing with grants to mental health hospitals as recommended by the 1987 Interim Committee; (2) all of phase three of the job study was not implemented—just that part including registered nurses and therapists; (3) the judges proposed 7 percent salary increase over a three-year period; and (4) the proposed junior college program that would increase state funding to Community Colleges to 40 percent over a five-year period.

The meeting was adjourned at 2:45 p.m.

GUEST LIST

DATE: 1-19-88 COMMITTEE: HOUSE APPROPRIATIONS ADDRESS NAME (PLEASE PRINT) COMPANY/ORGANIZATION

A PROFILE OF THE STATE GENERAL FUND BASED ON THE GOVERNOR'S BUDGET RECOMMENDATIONS

(\$ Millions)

A. FY 1988

	FY	1988
Beginning Balance		\$ 73.3
Consensus Estimate of Receipts	\$1,962.8	
Governor's Recommended Adjustments:		
County Reappraisal Aid Shifted to Expenditures	7.4	
Transfer to State Emergency Fund	(0.1)	
Adjusted Receipts		1,970.1
Expenditures Authorized by the 1987 Session* Governor's Recommended Adjustments:	1,866.1	
County Reappraisal Aid Demand Transfer	7.4	
LAVTRF and CCRSF Demand Transfers	0.2	
Homestead Property Tax Refunds SRS Medical Assistance	1.0	
	12.6	
SRS Homemaker and Other Non-Medical Programs School District Income Tax Rebate	2.0	
Community Colleges Formula State Aids	(2.0)	
Regents and Institutions Operating Expenditures	0.5	
KPERS-School Employer Contributions	(0.8)	
Ellsworth Bond Payment Shifted from FY 1989	(0.2)	
Set-aside for Corrections Officers Class Action Suit	1.2	
Purchase and Renovate Stockton Work Center	2.0	
Corrections Institutions, Inmate Health Care and Security	0.5	
Community Corrections Grants	2.2 0.2	
KBI-Gaming Operations Investigations	0.2	
Institutions for the Mentally III	2.2	
Winfield State Hospital	2.6	
Reserve for Longevity Bonus	1.0	
All Other	<u>(1.6)</u>	
Net Governor's Adjustments	31.2	
Adjusted Expenditures	01.2	1.897.3
Recommended Ending Balance (7.7 percent of Expend.)		\$ 146.1

Estimate of expenditures at end of 1987 Session increased by \$5.1 million for potential shifting of expenditures and decreased by \$1.0 million for salary plan savings.

HA 1-19-88 Attachment

B. FY 1989

	FY 1989	
Recommended Beginning Balance		\$ 146.1
Consensus Estimate of Receipts, 2.9% Increase Governor's Recommended Adjustments:	2,019.4	
Income Tax Reform Sales and Use Tax Exemption Adjusted Receipts, 1.1% Increase	(21.3) (7.3)	1,990.8
Governor's Recommended Expenditures: FY 1988 Recommendation State Operations, Increase of 5.8% Local Aid, Increase of 5.7% Other Assistance, Increase of 2.9% Capital Improvements, Decrease of 65.9% Total Increase in Expenditures 4.9%	1,897.3 43.0 52.0 7.0 (8.7) 93.4	1,550.6
Recommended Expenditures		1,990.6
Recommended Ending Balance (7.4 percent of Expend.)		\$ 146.3

C. Governor's Recommended Expenditure Changes FY 1988 to FY 1989

State Census		(Change in M	lillions)
Judicial Branch Dept. of Revenue State Operations 1.4	State Census		(3.3)
Dept. of Administration State Operations 0.9 Legislature and Agencies 0.6 County Share of Inheritance Tax (0.3) County Reappraisal Aid (0.4) SRS: State Operations 2.7 Medical Assistance 8.4 AFDC 2.8 Special Purpose MH/MR Aid 1.7 All Other 1.2 16.8 Homestead Property Tax Refunds (1.1) Human Resources REAP 0.3 Regents and Institutions Operating Expend. 3.2 Gen. Use: Unclass Salaries at 4% 0.3 Classified Salaries at 4% 4.4 Annualize Fy 88 Salaries (\$3.7 unclass.) 4.9 Classified Step Movement 2.6 ODE (exc. Utilities) at 4% 3.0 Servicing New Bldgs. 1.6 Enrollment Adjust. 3.2 Faculty Salary Parity 5.4 Program Improvement KUMC 1.7 All Other 1.2 Non-SGF Gen. Use (30.5) SDEA: General State Aid 24.8 Income Tax Rebate	Judicial Branch		N 55-50
Legislature and Agencies	Dept. of Administration State Operations Dept. of Administration State Operations		
County Reappraisal Aid SRS: State Operations 2.7 Medical Assistance 8.4 AFDC 2.8 Special Purpose MH/MR Aid 1.7 Ail Other 1.2 16.8 Incompose Medical Property Tax Refunds 1.7 Ail Other 1.2 16.8 Incompose Medical Property Tax Refunds 1.1 Incompose Medical Property Tax Refunds 0.3 Incompose Megenits and Institutions Operating Expend. Gen. Use: Unclass. Salaries at 5% 13.2 Student Salaries at 4% 0.3 Classified Salaries at 4% 4.4 Annualize FY 88 Salaries (\$3.7 unclass.) 4.9 Classified Step Movement 2.6 O.02 (Exc. Utilities) at 4% 3.0 Servicing New Bildgs 1.6 Enrollment Adjust 5.4 Faculty Salary Parity 5.4 Faculty Salary 5.5 Faculty Salary	Legislature and Agencies		
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Special Purpose MH/MR Aid	Medical Assistance		
All Other Homestead Property Tax Refunds (1.1) Human Resources REAP (2.1) All Human Resources Resources REAP (2.1) All Human Resources Reso			
Homestead Property Tax Refunds 0.3	All Other		16.8
Regents and Institutions Operating Expend.			
Serial Content			0.3
Classified Salaries at 4%		13.2	
Annualize FY 88 Salaries (\$3.7 unclass.) Classified Step Movement OCE (exc. Utilities) at 4% 3.0 Servicing New Bidgs. Enrollment Adjust. 2.2 Faculty Salary Parity Program Improvement KUMC AII Other Non-SGF Gen. Use Department of Education and Institutions State Op. SDEA: General State Aid Income Tax Rebate Inc			
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Servicing New Bildgs		1000000	
Enrollment Adjust.			
Faculty Salary Parity			
All Öther Non-SGF Gen. Use	Faculty Salary Parity		
Non-SGF Gen. Use			
Department of Education and Institutions State Op. SDEA: General State Aid			11.0
SDEA: General State Aid Income Tax Rebate Income Tax Rebate 21.0 Transportation at 94% 1.1 47.0 Special Education at 89% of Excess Costs 4.0 Sex/AIDS Education 1.5 Voc. Ed. Postsecondary Aid 0.6 Voc. Ed. Area Schools (Includes \$1.0 million for Capital Outlay) 0.8 Community Colleges Aid 3.4 Washburn University 0.2 KPERS-School Employer Contribution (12.2) KBI Operations 0.7 Highway Patrol State Operations 2.6 Dept. of Corrections and Institutions State Oper. 12.0 Community Corrections Aid 0.2 Lawsuit Set-Aside (2.0) Youth Centers 0.7 John Redmond Repairs (0.8) Dept. of Health and Environment: State Ops. 1.3 Local Aid 0.5 Hospitals for the Mentally III, All Funds 6.4 Non-SGF (1.5) 4.9 Hospitals for Mentally Retarded, All Funds 3.4 Non-SGF (1.5) 4.9 Hospitals for Mentally Retarded, All Funds 3.4 Non-SGF (3.9)	Department of Education and Local Co.		100000
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Special Education at 89% of Excess Costs	Income Tax Rebate		
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Non-SGF Historical Society State Operations Dept. of Wildlife and Parks State Oper. All Agencies Capital Improvements FY 1988 Recommendations FY 1989 Recommended Projects Net All Other Changes (13.9) (0.6) (0.3) (0.3) (13.2)		_(1.5)	4.9
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FY 1988 Recommendations (13.2) FY 1989 Recommended Projects 4.5 (8.7) Net All Other Changes 1.4	Dept. of Wildlife and Parks State Oper.		
FY 1989 Recommended Projects 4.5 (8.7) Net All Other Changes 1.4		(40.0)	
Net All Other Changes		5 15	(8.7)
TOTAL			(0.7)
W 30.7			-

Additional Employee Compensation and Benefits in Recommended FY 1989 State General Fund Budget (\$ Millions)

	FY 1988	FY 1989
A. Annualization of FY 1988 Benefits 2% Classified and Non-Regents Unclassified Judicial Branch Nonjudicial Employees Classified Job Study, Mechanics and Laborers Subtotal	\$ 	\$ 4.0* 0.8 <u>0.4</u> * 5.2
B. Step Movement Classified and Non-Regents Unclassified Employees (1.73%)		6.9*
 C. Salary Plan Revision 4% Classified and Non-Regents Unclassified Longevity Bonus (Classified Employees) 	 1.0	16.0* 1.0
D. Employees Health Insurance CY 1988 and Projected CY 1989 Rates	1.3*	3.6*
E. Job Study, Registered Nurses and Therapists TOTAL	<u>0.3</u> \$ 2.6	<u>0.7</u> \$ 33.4

^{*} Research Department estimates.

STAT LENERAL FUND -- GOVERNOR'S R. LOMMENDED EXPENDITURES, FY 1989

In Thousands

	Amount	Percent of Total	Cumulative Percent
State Aid for Education Bd. of Regents and Institutions Other Education* Subtotal, Education State Aid Except Education SRS-OAGB** Depart. of Corrections, Its Institutions, and Youth Centers State Hospitals SRS State Operations Judicial Branch Dept. of Revenue State Operations Highway Patrol Dept. of Administration Dept. of Health and Environ Oper. Legislative Branch	\$ 865,796 341,730 13.522 1,221,048 92,631 227,893 92,295 82,176 59,478 48,702 26,123 20,858 19,642 16,034 13,230	43.49% 17.17 0.68 61.34 4.65 11.45 4.64 4.13 2.99 2.45 1.31 1.05 0.99 0.80 0.66	60.66% 61.34 61.34 65.99 77.44 82.08 86.21 89.20 91.65 92.96 94.01 95.00 95.80 96.46
Exec. Branch Elected Officials All Other TOTAL	11,168 <u>59,342</u> \$1,990,620	0.56 2.98	97.02 100.00
IOIAL	\$1,330,020	100.00%	

- * Department of Education operations, Schools for the Deaf and Visually Handicapped, State Library operations, and Public Broadcasting Commission.
- ** Other assistance, grants, and benefits, <u>e.g.</u>, medical assistance, aid to families with dependent children, foster care and adoption support, general assistance, and alcohol and drug abuse programs.
- *** Includes \$1.0 million for salary bonus not allocated among agencies and institutions.

Kansas Legislative Research Department January 15, 1988

88-13/RWR